DEWAN'S CONCLUDING REMARKS.

12th June 1925.

GENTLEMEN,

I do not wish to detain you at the tag end of this long and strenuous Session with a long speech, specially as my learned colleagues have at my suggestion this year very kindly dealt with all the important matters that came up for discussion. I shall therefore confine myself only to the budget.

The budget that has been presented before this Assembly has been discussed at great length and I am sure you do not expect me to refer in detail to the various representations that have been made in the course of discussions, for the increase of grants in the several departments of administration, specially in respect of those falling under Moral and Material Development, Local Self-Government, Protection and Public Works. It will be observed that under the first of these heads of expenditure the grant provided in the budget for the next year is about Rs. 1½ lakhs more than the grant in the current year. I shall deal with the question of inadequacy of grants under certain heads later, but I wish to reply, in the first instance, to the criticisms that have been made on the financial policy of the Government in general and on the policy indicated in the budget estimates of next year in particular. It is a matter for regret to me that in respect of the first set of criticisms, there should be some misconception on the part of a few of the members that offered them. No less than 62 members of this Assembly took part in the general discussions on the budget and if I remember right, the general criticism of our financial policy was made by only two members. The purport of their criticism was that the policy that had been laid down in my budget speech of June 1922 had not been strictly carried out. Quoting from that speech, one of the members drew the inference that some of the essential parts of the policy then formulated have not been kept in view and these were (i) balancing of the three parts of our account, (ii) abandoning unproductive industrial enterprises, (iii) non-maintenance of some of the essential

reserves ; and lastly, it was alleged that the actual results of the policy during the past three years bear no comparison with the anticipations and forecast indicated in June 1922. I am glad that the views thus expressed, which are clearly due to an insufficient study of all the facts and figures and circumstances relating to our financial administration, give me a further opportunity on this occasion not only to repeat what I have stated in June 1923 and June 1924 with a view to indicate the aims as well as results, but also to elaborate and consolidate those results bringing them up-to-date which, I am sure, will clear all misconceptions that might have been created by the criticisms referred to above. It will be observed that my policy was to secure a total improvement of 55 lakhs of rupees by increasing the revenue and reducing the expenditure and on a reference to the statement that I have attached to my Address this year, you will see that the improvement effected is in fact 41 lakhs against 55 lakhs which is arrived at thus :—

Increase of revenue in part I	...	22 lakhs
Do do II	...	3 ,,
Do do III	...	9 ,,
Improvement due to reduction in expenditure in part III	...	7 ,,
Total	...	41 lakhs

I have explained at some length in my Address the causes beyond our control which contributed to the reduction of our revenues from electrical power, sale proceeds of sandalwood oil, royalty on gold, and excise. But for these adverse factors, the object of the triennial programme would have been more than fulfilled. I have frankly admitted, on the other hand, that it has been found impossible to resist increased expenditure under certain heads. Let me give you a few instances. The direct expenditure on District, Civil and Criminal Courts, in 1922-23 was Rs. 5,64,000, while according to the next year's budget, it is Rs. 6,84,000 showing an increase of Rs. 1,20,000, and this as you all know, is due to the Separation Scheme as well as opening of additional courts. Then again, the charge on account of the Legislative Council, Representative Assembly and Economic Conference in 1923 was only Rs. 53,000, while the provision made in the budget of 1925-26 is Rs. 1,24,000—an increase of Rs. 71,000—being entirely due to the introduction of

reforms. For Education, the grant in 1922-23 was Rs. 40 lakhs, while the provision in the next year's budget is Rs. 46½ lakhs. The allotment for Malnad Improvement was Rs. 45,000, while the provision in the next year's budget is Rs. 1,20,000. The growth of expenditure under these heads was inevitable and I think it is an indication that the administration has not been kept stagnant, but allowed to move in the direction of steady progress and expansion. The view that industrial enterprises or concerns which do not pay should have been stopped altogether and that the formation of reserves has not received sufficient attention, overlooks certain facts. Surely such criticism would mean that further capital expenditure on some of our large undertakings like the Krishnarajasagara and Bhadravati Iron Works should not be made. The result of such a policy is too obvious to need any discussion. Every effort has been made to limit further outlay to the most essential demands which have to be met either to keep those undertakings going or to prevent any danger or damage to them, and hence it was possible to meet our capital expenditure without further borrowing. As regards reserves, we have created an annual reserve of 5 lakhs for capital expenditure for a period of 20 years. Further, the Railway Depreciation Fund has been started and contributions made towards it from the current revenues. But I admit that it has not been possible to spare any money to augment, by an annual contribution, the Famine Insurance Fund. I will put the case from another point of view. The total diminution of revenue owing to causes beyond our control in the four years beginning with 1922-23 and ending with 1925-26 in the aggregate, comes to no less than Rs. 54¼ lakhs, of which 8 lakhs are due to excise, 16 lakhs due to loss in exchange, 5 lakhs due to reduction in the rate of power supplied to gold mines and 1,50,000 due to reduction of price of gold and 23¾ lakhs due to the disappointment in the revenue expected from, and the loss in the working of the Iron Works. If the forecast had been realised to the extent then indicated and this money was at our disposal, it would have been possible not only to contribute fully towards reserves but also to provide adequately for some of the urgent measures of improvement and development in the various departments of administration.

I have looked in vain, during the general discussions of the budget for any constructive criticisms or suggestions

which I invited in my opening Address and which would enable us, in spite of the difficulties enumerated, to render our financial position in the future stronger than it is to-day. The majority of the members pleaded, no doubt, for additional expenditure which, if they were totalled up carefully, would amount to nearly 25 lakhs of recurring expenditure to our budget grants as fixed for next year. The general criticism that further retrenchments should be made, specially in the higher ranks of the public service, has not been helpful inasmuch as it seems to ignore what has already been done in this direction; and in respect of this, my learned colleague the First Member of Council, during the discussions on the resolution relating to this matter, has already furnished detailed facts and figures. I have so often in my previous Addresses dealt with this matter that I do not think it is necessary to go into any further details at this stage. I am willing to admit that in certain directions further retrenchments may be possible, but the manner in which the reduction of expenditure on establishments has been suggested, namely, that an arbitrary percentage should be fixed for reducing the pay of all officers above Rs. 100, appears to me to be totally impracticable and unsound in principle. It has been pointed out by me that as regards the subordinate ranks of the service an addition of 20 lakhs of rupees recurring expenditure has been made to the establishment charges under High Price Allowances which are consolidated with the pay as a permanent addition to the salaries. Under our present financial conditions, it is not possible to further increase these charges so far as the subordinate services are concerned. The administrative machinery of the State in various departments was considerably disorganised owing to the drastic retrenchments already effected and it is not correct to urge that side by side with these retrenchments additional expenditure has been incurred by creating new appointments or increasing establishments. The only appointment that has been referred to was the appointment made tentatively for a year, of the Revenue Audit Officer and Inspector of Office Systems, but when the time comes to review the work done by this officer and the results achieved by him, I feel certain that it will be possible to convince this Assembly as well as the Legislative Council of the necessity to continue him for some time longer, if not as a permanent institution.

There was hardly any suggestion made by the members who spoke on the budget so far as the revenue side of our annual account is concerned. At least 90 per cent of the speakers spoke on the expenditure side, demanding further grants, and however natural this may be in view of the restricted nature of some of the grants made and the pressing demands for additional expenditure, it is unfortunate that the question of augmenting the resources of the State did not receive the same corresponding attention. In fact, the revenue estimates under Land Revenue have been subjected to criticism as being too optimistic. With the resources available, it is impossible to resist the conclusion that the Government have gone as far as they possibly could in meeting not only the normal but also the most urgent demands for further advance under the various service heads of administration and it would not be a correct policy to work out the budget with a deficit at the end of the year, thereby introducing the factor of uncertainty as well as want of equilibrium in receipts and expenditure which existed three years ago.

Turning now to some of the specific requests made for additional grants and the general criticisms on the subject of the inadequacy of the grants made to some of the departments, I will rest content with dealing with a few of the important questions that arise in this connection. It has been repeatedly urged that the grant for primary education is hopelessly inadequate, that the cess funds are not properly administered, that the rate of progress for the expansion of primary education is slow and that universal compulsory education should be introduced at a very early date, etc. With reference to all such observations, it is necessary to point out that the total expenditure under the various grades of education has increased during the last two years by nearly Rs. 10 lakhs and the net increase is Rs. 7 lakhs. That it has been possible for the Government to make a steady advance in the educational expenditure in spite of financial stringency, ought to be a matter for congratulation. The increase under primary education is about Rs. 2 lakhs, under special communities education Rs. 1 lakh, and under scholarships nearly Rs. 1¼ lakhs. I admit that a very large number of additional schools are wanted to complete the programme that was laid down in the order on the Education Memorandum, but the whole

question of Education Finance which was worked out on certain lines in that order has to be re-examined and the policy of the wholesale conversion of aided institutions into Government schools may have to be revised. These matters are now being carefully considered and the proposals will be brought forward before this Assembly at the next Dasara Session. In view of the pressing representations made to increase the allotment under backward class scholarships and the necessity to provide some allotment for repairs to educational buildings and to give additional grants to hostels and school buildings, I find it possible, I am glad to say, to sanction a sum of Rs. 8,000 under backward class scholarships, Rs. 15,000 for school buildings and Rs. 8,000 for hostels, and these will be now included in the budget. It is true that the grant for village improvements is totally inadequate, but having regard to the actuals of the previous years, it was considered that any additional grant would only lapse. In view however, of the representations made for the enhancement of the grant and that the system of village improvement work which is based on the principle of a contribution of two-thirds on the part of the village people is not satisfactory, I have asked the Financial Department to include an additional grant of Rs. 10,000 for such works, and Government will revise the orders relating to contribution, restoring it to the original proportion of 50 per cent. As regards drinking water wells too, the rules relating to contribution will be revised, as already stated by the Second Member of Council, and an additional grant of Rs. 10,000 provided in the next year's budget. Under minor tank restoration, the progress under the new system is more satisfactory, but the main difficulty is in regard to local labour. Little or no local labour seems to be available and the villagers do not give any real assistance. I would request the members of this Assembly to do what is possible in the matter of educating the raiyats to co-operate with the Public Works Department in the execution of such works; for, without such co-operation, the progress is bound to be slow. I am however prepared to increase the allotment for minor tank restoration by another Rs. 25,000. There has been a general complaint about the insufficiency of medicines supplied to the Rural and District Hospitals and it has been pointed out that the budget grant under this head is totally insufficient. This will be raised by another

Rs. 10,000 to meet the most urgent demands. The demand for a High School at Tirthahalli as a part of the general scheme of giving additional educational facilities to the malnad tracts cannot also be resisted and a sum of Rs. 8,000 will be provided for the purpose if sufficient local self-help is forthcoming. It has to be added that the Malnad Improvement grant has been increased to Rs. 1,25,000 in the budget, and in the Education budget there is, besides, a sum of Rs. 3,000 for scholarships to be given in the malnad.

I may be asked how it is possible to provide for the additional expenditure of nearly Rs. 1,00,000 when the budget estimates closed with a small surplus of Rs. 41,000. In reply to this I should say, and I am happy to be able to say, that since the estimates were framed, the result of the sale of minor forest produce in the Forest Department has been notified and under that item there is an increased revenue to the extent of Rs. 1,00,000. I am glad to be able to draw upon this amount to meet some of the urgent demands that have been made in this Assembly, without disturbing the net surplus which has already been worked out in the budget proposals.

There are many other matters that have come up for discussion either during the general budget discussions or in the course of the discussions on the Resolutions. These have been already dealt with at some length by myself and my learned colleagues and definite replies have been given. I shall not therefore refer to them again. Clear orders will be passed in respect of all matters finally disposed of at this Session and instructions will be given to make necessary investigations and call for reports in regard to other matters which have been noted for consideration.

The report of the Committee appointed by Government on the subject of giving facilities to the members of the Representative Assembly and the Legislative Council has been thoroughly discussed during this Session. I should like to mention a few facts in this connection. Prior to the reforms, the facilities given to the members of the Legislative Council included the grant of travelling allowance at certain rates, free supply of certain publications and free lunch during the Session. The members of the Representative Assembly used to get *Lavajama* during their stay at Mysore and Government made arrangements for their accommodation. The Committee referred to above have now made certain recommendations, the most

important of which is that a building capable of accommodating 8 members should be constructed at a cost of Rs. 25,000 at Bangalore, and that an addition should be made to the Representatives' Home at Mysore, providing for 50 furnished rooms with suitable kitchens at a cost of one lakh of rupees. The Committee were not in favour of providing free refreshments to the members of the Assembly and the Legislative Council. I wish to point out that under the existing arrangements Government spend a sum of about Rs. 12,000 per annum for providing lunch; and travelling allowances, which include halting allowances, also involve an expenditure of Rs. 64,000 per annum. The net increase under the revised rules as compared with the previous expenditure exceeds half a lakh of rupees. Although the Committee are not in favour of continuing free lunch, some of the members are not in favour of its abolition on sentimental grounds, and during the discussions, I have announced that all the suggestions and opinions expressed in the Assembly will be duly considered by Government before passing final orders. It is probable that the Government will take action to provide more accommodation to the members of the Representative Assembly in Mysore on the lines indicated and afford the necessary facilities as regards furniture, etc., but they may also ask them to pay a small rent per day for the same. As regards a proper Library, a Reading Room and the supply of publications, Government will do all that is possible.

The question of the construction of a Representative Assembly Hall has to be deferred for some time owing to want of funds. But, it may be possible to make a beginning in the near future by a slight re-adjustment of the grants in the Public Works Department. I should like to say on behalf of Government that they are prepared to afford every reasonable facility to the members of both the Houses and the defects or inadequacy of arrangements that have been brought to notice will be duly considered and necessary action taken to improve the existing arrangements as far as possible.

In conclusion, gentlemen, I thank you all most sincerely for the very keen interest that you have shown in all matters that have been brought up for discussion and specially for the spirit of forbearance and goodwill shown towards me by one and all as your Dewan-President. I wish you all every prosperity and a safe return to your

homes. With these observations I declare the Session closed.

MR. PARAMASIVIAH on behalf of the Members of the Assembly thanked the Dewan and the Members of Council for their patient hearing and prompt and suitable replies to the representations and several other matters that were discussed during the Budget Session of the Assembly. He also conveyed the appreciation of the House to Prince Dairyaseela Rao of Baroda who graced his presence in the Assembly on that day.

The Session terminated at about 7 P. M., with three cheers to His Highness the Maharaja.

R. RANGA RAO,
Secretary,
Mysore Representative Assembly.